Government of Saskatchewan

2006 Annual Report

Saskatchewan Milk Control Board

Table of Contents

Letter of Transmittal 2

Board Members 3

Mandate and Mission 3

Introduction 4

Milk Production & Utilization 4

Producer Pools 5

Marketing and Transportation 6

Milk Control Board Activities 7

Legislation 9

Organizational Changes 9

Board Finances 9

Management Report 10

Financial Statements 11

Auditor's Report 12

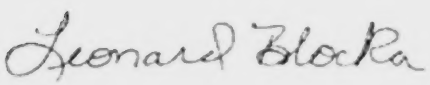
Statistical Tables (unaudited) 20

Letter of Transmittal

The Honourable Lorne Calvert
President of the Executive Council
Province of Saskatchewan

May it Please Your Honour:

I respectfully submit the Annual Report of the Milk Control Board for the year 2006.



Leonard Blocka
Chairman

Board Members

The Board is comprised of six members appointed by the Lieutenant Governor-in-Council.

Members are:

Chairperson

Mr. Leonard Blocka, Prince Albert

Members

Dr. David Christensen, Saskatoon
Ms. Joanne Mortenson, Saskatoon
Mr. Garf Stevenson, Regina
Mr. David Finlay, Delisle
Mr. Joe Guenther, Osler

Mandate and Mission

The Milk Control Board is a body corporate and exercises its responsibilities as set out in *The Milk Control Act, 1992*. The Board plays a central role in the formation and implementation of Saskatchewan dairy policy. The *Act* empowers the Board to make regulations or orders in relation to the production, supply, pricing or sale of milk and to inquire into or conduct hearings pertaining to any of the foregoing. The *Act* also allows the Board to enter into contracts and other agreements that the Board considers appropriate to carry out its responsibilities.

To reflect the Board's industry-wide mandate, Members are drawn from production, processing and consumption sectors.

The Board's mission is: to work in collaboration with producers, processors, and various government agencies to develop and implement policies and programs which provide producers with the opportunity to obtain a fair return on their labour and investment, while providing consumers with an adequate supply of high quality dairy products at reasonable prices.

The Board strives to accomplish its mission by balancing, and serving the interests of all dairy stakeholders – producers, processors, consumers and government.

Introduction

During 2006, Saskatchewan and other Canadian producers completed the second full year of operating under the strict disciplines of the new national quota management policy. The new management system involved the creation of two, six month reconciliation periods, and more strict disciplines to prevent under or over production.

The essence of the new quota management policy is to achieve a closely orchestrated national system, implemented by the provinces to achieve the national objective – that is, to supply 100% of the domestic market on a continuous basis, but not to create surpluses that do not have a market opportunity.

During the year, Saskatchewan dairy producers again responded well to the new challenge, and completed the dairy year by utilizing 99.91% of their quota allocation. Producers took full advantage of the Milk Control Board's quota swapping and quota management programs in order to meet the production challenges associated with the new national production system.

Having established the basis for an effective national quota management policy, the Canadian Milk Supply Management Committee has turned its attention to refining various elements of the policy, and to address other emerging issues that threaten the viability of the domestic milk industry. Foremost among these is the erosion of the market for milk components by low priced imports of butter oil and milk protein ingredients.

Milk Production and Utilization

There are two marketing structures for milk in Canada. Federal Government authority to regulate the marketing of fluid milk is delegated to the provinces. The Canadian Dairy Commission, a federal crown corporation, collaborates with the provinces in the administration of the supply management system for industrial milk.

Each province in Canada regulates the production and manufacturing of milk within its own borders and sets pricing procedure, quota policies and other regulations. Marketing activities related to industrial milk, which was manufactured into products that were shipped across provincial boundaries, were carried out according to the terms and conditions of a federal-provincial agreement, the National Milk Marketing Plan.

The year under review saw a decrease in milk marketed by Saskatchewan milk producers. Producers shipped 214,611,633 litres of milk to the fluid milk pool in 2006.

This represented a decrease of approximately 2.6 million litres, or a 1.22 percent decrease from the previous year (Table II). Producers received a total value of $146,653,961 in 2006, which represented a 1.45 percent increase from 2005.

The average number of milk producers decreased 5.31 percent from 262 in 2005 to 248 in 2006. The average daily shipment per producer increased from 2,273 to 2,371 litres per day, an increase of 4.32 percent (Table II). Class 1 milk, or milk processed for Saskatchewan fluid consumption, amounted to 86,480,029 litres of milk in 2006.

The Canadian dairy industry operates on butterfat quotas, and on a "dairy year" basis, which runs from August 1 to July 31 of the following year. In Saskatchewan, producers shipped a total of 8,145,051 kilograms of butterfat during the 2005-2006 dairy year (Table III), representing a utilization of approximately 99.91 percent of the provincial yearly quota allotment. The average butterfat test on all milk was 3.77 percent per hectolitre, an increase from the 3.71 percent average from the previous year (Table V).

In October 2006, the Board allocated all of the province's total yearly milk quota to milk producers. Based on production levels from August 1, 2006 to December 31, 2006 and quota allocated to producers, the Board determined that the province's total yearly butterfat quota allotment of 8,153,033 kilograms of butterfat would be fully utilized by approved milk producers during the 2006-2007 dairy year.

Producer Pools

The Saskatchewan fluid milk pool successfully completed its thirty-first year of operation.

The Board maintained a single milk pool system for both fluid and industrial milk. Under pooling, the Board has the responsibility for purchasing all milk from registered milk producers and selling it to the processor. Each producer was allocated a quota based on Saskatchewan's quota policy and designed to meet the province's quota needs.

Multiple Component Pricing (MCP) was implemented in Saskatchewan on August 1, 1999. This decision was in keeping with commitments made by Saskatchewan when the Western Milk Pool Agreement was signed in 1997. Under MCP producers receive the true value of the total solids in the milk they supply and processors pay according to the components they receive. For example, more protein in the milk enables processors to obtain a higher cheese yield and therefore price the milk accordingly.

Overall, MCP should provide a mechanism for the dairy industry to be more market responsive as the demand for various components continues to evolve in the future.

In 2006, the price of Class 1 milk increased $0.98 per hectolitre on January 1, April 1 and November 1, and decreased $0.98 per hectolitre on September 1, 2006. The price adjustments were triggered by the Alberta pricing formula, the pricing mechanism agreed to by the three provinces participating in the Western Milk Pool.

At the Federal level, the Industrial Target Return Formula price (Classes 2 to 5) was increased on one occasion, February 1, 2006. As of this date, the support price for skim milk powder increased from $5.7282 to $5.8337 per kilogram. The assumed processor margin increased by $1.79 per hectolitre.

In August, 1995, dairy stakeholders implemented Special Class milk pricing and pooling. This has been designed to better accommodate the dairy industry and the World Trade Organization. This allowed dairy processors and other food processors to remain competitive on domestic and global markets.

This pooling system is administered by the Canadian Dairy Commission and provides milk to food manufacturing processors and exporters at competitive prices. Returns for the milk sold as Special Class milk are pooled among all dairy producers in the ten provinces, which are signatories to the National Milk Marketing Plan.

Under the second pooling arrangement, known at the Western Milk Pool, the revenue from all milk sales (fluid and industrial) is pooled among the producers of British Columbia, Alberta, Saskatchewan and Manitoba. The agreement generates new opportunities, new challenges, and greater flexibility for processors in the four western provinces. It ensures producers a more predictable and stable environment and allows processors to rationalize their plants to improve efficiency and competitiveness.

During 2001, the Western Milk Pool Coordinating Committee took steps to further improve the operations of the Agreement by harmonizing Class 2 – 4 prices across the region. This measure, taken to further level the competitive playing field, came into effect on February 1, 2002.

Marketing and Transportation

At year-end, the Board marketed milk to only one Saskatchewan processing plant operated by Saputo Inc. at Saskatoon.

Agrifoods International Cooperative Ltd. continued to serve as agent of the Board for the transportation of all milk produced in the province. This organization continued to restructure raw milk pick up to increase efficiency. The average basic rate decreased during 2006 (Table 1).

In 2006, the cost to transport the 214,611,633 litres of milk marketed amounted to $4,332,199.31, or an average of $2.02 per hectolitre, compared to $2.03 per hectolitre the year previous.

The transportation cost comparison is presented in Table 1.

Table 1 (unaudited)

Transportation Volumes and Rates 2002 – 2006

Year	Volume Transported (litres)	Average Rate $/Per Hectolitre
2006	214,611,633	2.02
2005	217,263,872	2.03
2004	218,643,243	2.19
2003	207,832,521	2.28
2002	210,142,658	2.29

The Board acknowledges and appreciates the commitment of bulk milk transporters in achieving an efficient transportation system.

Milk Control Board Activities

Milk Board members strive to accommodate the interests of producers, processors and consumers as well as other industry stakeholders.

The Board held five meetings during the year. Board members also spent numerous days attending various committee meetings, as well as maintaining contact with local milk producers and industry organizations. In an effort to further increase communications with milk producers, the number of district meetings was doubled. In addition to the regular five spring meetings, another five meetings were held in the fall of 2006.

Because of the number of fast-moving changes occurring in the industry, the Board considered it vital that producers be kept informed on a more frequent and regular basis.

These meetings provided producers with information on current issues regarding Western Milk Pooling, Multiple Component Pricing, quota policies, quota swapping and other issues the dairy industry should consider. The information obtained from these meetings assisted the Board in developing the appropriate policies and procedures for

Saskatchewan's dairy industry.

Board members and other industry representatives attended five meetings of the Canadian Milk Supply Management Committee. A most significant activity was to implement and monitor the performance of methodology used to forecast future supply and demand circumstances so that the domestic supply management system can respond more quickly to changing market circumstances.

During 2006, the Board's Western Milk Pool Coordinating Committee participated in four meetings. The Western Milk Pool provinces negotiated and implemented an arrangement with Saputo Inc. to ensure producers have a Plant of Last Resort (PLR) to absorb surplus milk in return for a guaranteed supply of high quality milk for the processor. Another complementary PLR Agreement was negotiated with Parmalat to provide producers in all four provinces with PLR services. The Committee undertook a review of the Saputo agreement after five years of operation. Outstanding operating issues were resolved, and all parties agreed to continue its operation.

The Committee completed its work on the mechanism to be used in harmonizing Class 1 (fluid) prices within the Western Milk Pool. Negotiations were initiated with processors to achieve a common pricing formula for Class 1 in the National Milk Pool.

Over the past year, communications with producers have received a high priority to address the broad range of changes regarding producers. It has been especially important to keep producers abreast of developments and to respond to inquires as the industry adjusts to new quotas, pricing and World Trade Organization rulings. The Saskatchewan Milk Control Board monthly newsletter is a publication that strives to provide information in a timely and concise manner. It serves to keep stakeholders informed of developments pertaining to marketing and other issues. Feedback indicates that this has been effective in improving the communication link between the Board and producers.

Because of the special information needs associated with the new quota management system, separate policy bulletins were distributed to all producers throughout the dairy year.

In addition to these traditional communication vehicles, the Board operates a website to serve as a means to further strengthen communications with the industry's many stakeholders.

During the year, the Board developed and implemented its strategic plan to add discipline to its operational performance, and to improve Board governance.

At year-end, there were ten people on the Board's permanent staff. The Board wishes to thank the staff for their hard work and loyalty during another very busy year.

Legislation

The pricing of milk for fluid purposes is a Board responsibility. The Board's primary objective is to provide efficient producers and processors with a fair return to labour, management and investment. The Federal Government has jurisdiction over the industrial milk pricing, administered through a federal-provincial agreement known as the National Milk Marketing Plan and the Comprehensive Agreement on Pooling of Milk Revenues.

Organizational Changes

During 2006, the Milk Control Board experienced two major organizational changes. First, the Board assumed direct responsibility for the operation of the producer payment system, a function previously performed by Agrifoods International Cooperative Ltd. as agent of the Board.

Second, the Board assumed responsibility for the Provincial Dairy Lab operations and the administration of milk quality regulations – functions previously performed by Saskatchewan Agriculture and Food.

The organizational changes have enabled the Board to fully integrate all milk production and marketing activities under one management system.

Board Finances

Financing of the operation of the Board was derived from assessment fees levied on producers and processors, processor license fees, quality penalties and interest in investments. Producer and Processor levies were increased by $0.04 per hectolitre to absorb the additional cost of administering the Dairy Lab and quality regulations.

Management Report 2006

The management of the Milk Control Board of Saskatchewan is responsible for the reliability and integrity of the accompanying financial statements and all other information in this Annual Report. It is the responsibility of management to prepare financial statements in accordance with Canadian generally accepted accounting principles.

The Board of Directors is responsible for overseeing the business affairs of the Milk Control Board, including management's financial reporting responsibilities and for reviewing and approving the financial statements and other financial information included in this Annual Report. The Board meets with management and the Provincial Auditor to discuss matters related to financial processes, systems of control and compliance with governing authorities.

The integrity of the financial records from which these financial statements are prepared is largely dependent on the systems of internal accounting controls. The purpose of such systems is to provide reasonable assurance that transactions are executed in accordance with proper authorization, transactions are appropriately recorded in order to permit preparation of financial statements and assets are properly accounted for and safeguarded against loss from unauthorized use. Underlying this concept of reasonable assurance is the fact that limitations exist in any system of internal accounting controls based on the premise that the cost of such controls should not exceed the benefits derived there from.

The financial statements have been audited by the Provincial Auditor Saskatchewan. The report to the Members of the Legislative Assembly, stating the scope of the examination and opinion on the financial statements, appears on the following page.

Gerry Gartner
Chief Executive Officer
Regina, Saskatchewan
March 9, 2007

J.A. Frass
Administrative Officer

MILK CONTROL BOARD

FINANCIAL STATEMENTS

For the Year Ended December 31, 2006

Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Milk Control Board as at December 31, 2006 and the statements of revenue, expenses and net assets, and cash flows for the year then ended. The Board's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Milk Control Board as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
March 9, 2007

Fred Wendel, CMA, CA
Provincial Auditor

MILK CONTROL BOARD
BALANCE SHEET
As at December 31

	2006	2005
ASSETS		
Cash	$ 1,743,548	$ 1,924,467
Accounts receivable	7,480,193	9,058,542
	9,223,741	10,983,009
Capital assets (Note 3)	430,775	205,521
	$ 9,654,516	$11,188,530
LIABILITIES AND NET ASSETS		
Accounts payable	$ 9,125,117	$10,734,221
Net assets (Statement 2)	529,399	454,309
	$ 9,654,516	$11,188,530

(See accompanying notes to the financial statements)

Statement 2

MILK CONTROL BOARD
STATEMENT OF REVENUE, EXPENSES AND NET ASSETS
Year Ended December 31

	Budget 2006 (Note 6)	Actual 2006	Actual 2005
Revenue:			
Milk sold to processors	$149,700,000	$150,616,807	$147,133,880
Milk Pools (Note 4)	(3,000,000)	(3,962,846)	(2,578,174)
Milk Pool administration and assessment fees	773,080	768,713	763,188
Interest	57,000	135,170	52,754
Milk quality penalties	155,000	209,105	153,731
Licence fees and miscellaneous	3,625	107,570	2,865
	147,688,705	147,874,519	145,528,244
Expenses:			
Milk purchased from producers	146,700,000	146,653,961	144,555,706
Salaries	463,996	527,123	318,841
Milk pool administration expense	68,104	51,792	98,453
Disposal of unsaleable milk	117,000	146,462	109,856
Travel, sustenance and vehicle expense	114,088	115,568	111,112
Rent	48,131	48,899	41,696
Legal	15,000	16,274	14,606
Employee benefits	68,400	94,219	44,743
Honoraria	40,888	38,357	40,836
Administrative expense	37,815	34,886	32,513
Cost of production study	17,000	9,487	14,826
Amortization	40,532	26,884	3,031
Lab supplies and miscellaneous	20,706	35,517	-
	147,751,660	147,799,429	145,386,219
Surplus (deficit) for the year	$ (62,955)	75,090	142,025
Net assets, beginning of year		454,309	312,284
Net assets, end of year - to Statement 1		$ 529,399	$ 454,309

(See accompanying notes to the financial statements)

MILK CONTROL BOARD
STATEMENT OF CASH FLOWS
Year Ended December 31

	2006	2005
Cash Flows From Operating Activities:		
Cash receipts from processors, interest and fees	$ 149,452,868	$ 144,655,527
Cash paid to producers, employees and board members	(149,381,838)	(144,923,858)
Cash flows from operating activities	71,030	(268,331)
Cash Flow From Investing Activities:		
Purchase of capital assets	(251,949)	(200,931)
Net decrease in cash during the year	(180,919)	(469,262)
Cash position, beginning of year	1,924,467	2,393,729
Cash position, end of year	$ 1,743,548	$ 1,924,467

(See accompanying notes to the financial statements)

MILK CONTROL BOARD
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006

1. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are as follows:

a) Revenue Recognition

Revenue from milk sold to processors is recognized when milk is delivered to processors.

b) Capital Assets

Office furniture, office equipment, and the Milk Payment System (MPS) are recorded at cost less accumulated amortization.

Office furniture and office equipment are amortized over their estimated useful life using the straight-line method at 20% per annum. The MPS is amortized over its estimated useful life using the straight-line method at 10% per annum.

2. Incorporation

The Milk Control Board (Board) is continued as a body corporate under *The Milk Control Act, 1992* (Act). The Board has authority to make any regulations or orders in connection with the production, supply, distribution and sale of milk.

The Board is responsible under the Act for the control and regulation of the marketing of milk in the province. In fulfilling this responsibility, the Board operates a milk pooling system whereby the Board purchases all milk produced in the province and sells it to processors. The Board's agent, Agrifoods International Cooperative Limited, administers the necessary collections and payments. The purchase price paid by the Board is based on the quality and quantity of milk shipped by producers and on the value of milk sold to processors. The value of milk sold to processors is determined by its final product use and prices established by the Board.

Effective April 6, 2006, the Board took over full responsibility of the Dairy Lab from the Department of Agriculture and Food. The Dairy Lab conducts quality tests of the milk received from producers.

3. Capital Assets

	Cost	Accumulated Amortization	2006 Net Book Value	2005 Net Book Value
Office furniture and equipment	$32,321	$26,335	$5,986	$4,590
Milk Payment System	$447,146	$22,357	$424,789	$200,931
Total	$479,467	$48,692	$430,775	$205,521

Included in the cost and net book value of the Milk Payment System is $0 (2005 - $200,931) of assets that were not amortized because they were not ready for use.

4. Milk Pools

Effective August 1, 1995 (and continued August 1, 2003), the Board entered into an arrangement with its counterparts in Prince Edward Island, Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Alberta, and British Columbia and the Canadian Dairy Commission (CDC). As of September 2006, Newfoundland and Labrador have signed on. This arrangement provides for pooling of revenues from sales of milk components in industrial and special classes of milk sold in domestic and external markets. CDC administers the Industrial and Special Class Pool.

Effective March 1, 1997, the Board entered into an arrangement with its counterparts in British Columbia, Alberta and Manitoba and CDC. This arrangement provides for pooling of all revenues from sales of Fluid Milk and Industrial Milk, including special classes, by producers to processors in the four western provinces. The purpose of the arrangement is to pool producer returns as if the western provinces constituted a single market. CDC administers the Western Milk Pool.

Based on each province's monthly utilization, CDC will either distribute a portion of, or require a contribution to, the Industrial and Special Class Pool and Western Milk Pool. The Board made contributions of $4.0 M (2005 - $2.6 M) to the milk pools.

5. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Board by virtue of common control or significant influence by the Government of Saskatchewan.

Routine operating transactions with related parties for phone, office supplies and employee benefits are recorded at the standard rates charged by those organizations and are settled on normal trade terms. These transactions are as follows:

	2006	2005
Expenses	$ 72,083	$ 80,312
Revenue	100,000	-

In addition, the Board pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

6. Budget

The budget for the 2006 year was initially approved by the Board on January 25, 2006. The budget was revised and approved by the Board on June 28, 2006. This revision was due to the Board taking over the responsibilities of the Dairy Lab.

7. Financial Instruments

a) Fair Value

The Board's financial instruments include accounts receivable and accounts payable. These financial instruments are non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the carrying value of these financial instruments approximates fair value.

b) Concentration of Credit Risk

The Board is subject to credit risk as all of the Board's milk sales are to one processor.

Table II (unaudited)

Total Whole Milk Requirements, Number of Milk Producers and Average Daily Production - 2005 & 2006 (litres)

Month	Year	Whole Milk Requirements	Total Production	Number of Producers	Daily Average Per Producer
January	2005	7,201,524	18,652,207	271	2,220
	2006	7,105,266	19,321,456	257	2,425
February	2005	6,303,044	17,113,647	271	2,255
	2006	6,333,987	17,592,856	256	2,454
March	2005	7,149,658	18,985,079	268	2,285
	2006	7,212,616	19,258,924	254	2,446
April	2005	6,828,437	18,268,350	266	2,289
	2006	6,549,700	18,009,826	253	2,373
May	2005	7,061,394	18,869,120	261	2,332
	2006	7,057,574	18,060,385	247	2,359
June	2005	6,667,214	18,166,979	258	2,347
	2006	6,937,045	17,156,336	247	2,315
July	2005	6,425,316	18,506,425	258	2,314
	2006	6,945,979	17,285,020	247	2,257
August	2005	7,064,431	18,255,182	259	2,274
	2006	7,796,537	17,517,489	243	2,325
September	2005	6,963,297	17,239,728	258	2,227
	2006	7,672,265	16,938,788	244	2,314
October	2005	7,266,125	17,483,505	257	2,194
	2006	7,800,022	17,624,369	244	2,330
November	2005	6,708,443	17,137,033	258	2,214
	2006	7,382,960	17,365,840	242	2,392
December	2005	7,250,406	18,586,617	258	2,324
	2006	7,686,078	18,480,344	242	2,463
TOTALS	2005	82,889,290	217,263,872	262	2,273
	2006	86,480,029	214,611,633	248	2,371
% Change		**4.33%**	**-1.22%**	**-5.31%**	**4.32%**

Table III (unaudited)

Total Kilograms of Butterfat Shipped in Saskatchewan by Month and Dairy Year

Month	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006
August	611,180	628,414	618,332	682,384	672,106
September	610,121	606,639	624,484	655,806	646,754
October	646,263	645,898	655,501	686,414	682,394
November	635,933	629,994	649,967	666,103	664,009
December	663,513	659,432	674,951	697,978	717,299
January	670,534	667,091	684,064	706,230	737,050
February	608,621	600,544	645,190	636,937	668,413
March	680,624	665,213	697,791	704,756	739,566
April	654,281	630,799	681,723	674,493	681,423
May	669,209	644,986	697,966	705,291	673,844
June	625,588	627,632	665,504	670,658	633,742
July	614,202	637,531	673,567	679,104	628,452
Total	**7,690,069**	**7,644,173**	**7,969,038**	**8,166,154**	**8,145,051**

Butterfat reported is based on total butterfat shipped by Saskatchewan producers.

Table IV (unaudited)

Total Sales of Milk & Cream in Litres by Size of Container
January 1, 2006 – December 31, 2006

Size of Containers	Year	Fluid * Products	% of Total	Cream * Products	% of Total	Total * Products	Total %
20 litre	2005	582,980	0.74	0	0.00	582,980	0.71
	2006	525,240	0.66	0	0.00	525,240	0.62
10 litre	2005	34,950	0.04	842,590	21.52	877,540	1.06
	2006	44,630	0.06	1,078,150	25.30	1,122,780	1.33
4 litre	2005	51,647,404	65.61	0	0.00	51,647,404	62.50
	2006	55,317,908	69.11	0	0.00	55,317,908	65.62
2 litre	2005	19,325,688	24.55	0	0.00	19,325,688	23.39
	2006	17,465,100	21.82	0	0.00	17,465,100	20.72
1 litre	2005	4,988,448	6.34	1,182,548	30.18	6,170,996	7.47
	2006	4,576,806	5.72	1,387,329	32.55	5,964,135	7.07
500 ml	2005	1,118,617	1.42	1,239,970	31.65	2,358,587	2.85
	2006	1,004,278	1.25	1,356,392	31.83	2,360,670	2.80
350 ml	2005	3,070	0.00	0	0.00	3,070	0.00
	2006	0	0.00	0	0.00	0	0.00
250 ml	2005	961,231	1.22	170,229	4.34	1,131,460	1.37
	2006	1,096,359	1.37	171,453	4.02	1,267,812	1.50
200 ml	2005	355	0.00	0	0.00	355	0.00
	2006	8,390	0.01	0	0.00	8,390	0.01
120 ml	2005	43,241	0.05	1,699	0.04	44,940	0.05
	2006	0	0.00	0	0.00	0	0.00
Creamettes	2005	7,758	0.01	480,853	12.27	488,611	0.59
	2006	971	0.00	268,442	6.30	269,413	0.32
Totals	2005	78,713,742	100.00	3,917,889	100.00	82,631,631	100.00
	2006	80,039,682	100.00	4,261,766	100.00	84,301,448	100.00

* Consolidated sales from processors to the Saskatchewan market

Table V (unaudited)

Provincial Average Tests for Butterfat, Protein & Other Solids tests by Month - 2005 & 2006

Month	Year	Butterfat	Protein	Other Solids
January	2005	3.7863	3.3238	5.7289
	2006	3.8147	3.3529	5.6831
February	2005	3.7218	3.2763	5.7639
	2006	3.8038	3.3549	5.7101
March	2005	3.7122	3.2790	5.7509
	2006	4.0110	3.5360	5.7920
April	2005	3.6921	3.2569	5.7681
	2006	3.7957	3.2930	5.6955
May	2005	3.7378	3.2549	5.7904
	2006	3.7360	3.2482	5.6929
June	2005	3.6916	3.2211	5.7841
	2006	3.6939	3.2188	5.6723
July	2005	3.6695	3.2087	5.6779
	2006	3.6401	3.1734	5.6699
August	2005	3.6817	3.2837	5.6365
	2006	3.6621	3.2477	5.6604
September	2005	3.7515	3.3373	5.6683
	2006	3.7676	3.3273	5.6807
October	2005	3.9031	3.4503	5.6424
	2006	3.8560	3.4231	5.6534
November	2005	3.8803	3.4206	5.6574
	2006	3.8951	3.4449	5.6743
December	2005	3.8593	3.3764	5.6789
	2006	3.8246	3.3972	5.6900
Weighted Ave Tests	2005	3.7124	3.3059	5.7176
	2006	3.7787	3.3194	5.6822
% Change		1.79	0.42	-0.62

THE MILK CONTROL BOARD, 2006 PERSONAL SERVICES (unaudited)

Listed are individuals excluding unionized employees, who received payments for salaries, taxable benefits, honoraria, travel, etc., which totalled $2,500 or more.

	Salaries & Taxable Benefits	Travel	Total
Staff			
Gerry Gartner	$112,554.00	$27,228.74	$139,782.74
Jerry A. Frass	70,692.00	53.65	70,745.65
Mary Ann Costron	55,164.00	144.36	55,308.36
Unionized Employees	288,712.65	16,954.83	305,667.48
Sub Total	$527,122.65	$44,381.58	$571,504.23
	Honoraria	**Travel**	**Total**
M.C.B. Members			
Leonard Blocka	15,980.00	27,511.03	43,491.03
David Christensen	6,122.50	12,060.45	18,182.95
David Finlay	4,978.48	7,713.26	12,691.74
Joe Guenther	4,417.50	6,388.45	10,805.95
Garf Stevenson	2,363.75	384.05	2,747.80
Joanne Mortenson	1,085.00	1,370.74	2,455.74
Sub Total	$ 34,947.23	$ 55,427.98	$90,375.21
Dairy Industry Committee			
Phil Klassen	1,395.00	5,482.17	6,877.17
Emile Marquette	310.00	4,123.08	4,433.08
Others	2,015.00	6,761.25	8,776.25
Sub Total	$ 3,720.00	$ 16,366.50	$20,086.50

Supplier Payments:

Listed are payees who received $20,000 or more for providing goods and services including office supplies, advertising, contracts, legal, equipment, etc.

Producer Payment	raw milk sales	$146,653,960.72
Unsaleable milk	milk below national quality standards	146,461.67
Dairyland Fluid Division	producer payment services	51,792.29
SREIT (NCO) Building Ltd.	office rent and parking	39,613.14
Wheatland Accounting	accounting service for Cost of Production	28,072.02
Payees under $20,000		197,563.12
Sub Total		$147,117.462.96

GRAND TOTAL	$565,789.88	$116,176.06	$147,799,428.90